

INITIAL SUMMARY OF CHAIRMAN REGULA'S MARK FOR THE FY 2004 LABOR-HHS-EDUCATION BILL

The Chairman's Mark provides for a \$3.3 billion, or 2 percent, overall program-level increase above FY 2003 for the Labor-HHS-Education bill. Within the bill, the Department of Education receives a 4 percent increase above FY 2003 and the Department of Health and Human Services gets a 2 percent increase, while the Department of Labor receives a 1 percent net cut.

The Mark provides \$2.290 billion more than the Bush Administration's budget request.

Department of Education

The Chairman's Mark includes \$55.4 billion for Department of Education discretionary programs, providing a \$2.3 billion or 4.3 percent increase over FY 2003. This level breaks the Majority's promise made in the FY 2004 Budget Resolution to provide a "\$3-billion increase from the previous year for the Department of Education."

If the Chairman's Mark is enacted, the annual growth in federal education investment would continue its decline under the Bush Administration. Since the enactment of the *No Child Left Behind Act*, annual increases for the Department of Education discretionary programs will have spiraled downward from 18.2 percent in FY 2002 and 6.4 percent in FY 2003 to only 4.3 percent in FY 2004 under the Chairman's Mark.

Breaks Promises to Provide a \$2.2 Billion IDEA Increase. In its FY 2004 Budget Resolution, the Majority committed to increasing funding for the IDEA Part B State Grant by \$2.2 billion over the current level to help school districts meet the extraordinary costs of providing special education for children with disabilities. This commitment was repeated when the Majority passed on April 30th, H.R. 1350, the IDEA reauthorization bill, authorizing the additional \$2.2 billion. However, the Chairman's Mark provides only a \$1.0 billion increase over FY 2003 for the IDEA Part B State Grant - \$1.2 billion below the amount needed to fulfill the Majority's promise to put IDEA on a path to full funding by 2009. President Bush requested a \$654 million or 7.4 percent increase. Under the Chairman's mark, the federal contribution would rise from 18.2 percent to 19.6 percent, compared to the 21 percent promised under H.R. 1350 and the 40 percent authorized in the 1975 law.

Provides No Real Growth for NCLB Act Programs. The Chairman's Mark provides \$24.3 billion for *No Child Left Behind (NCLB) Act* programs. While restoring the Bush cuts, the Chairman's Mark nonetheless provides an increase of only \$381 million or 1.6 percent over FY 2003 – essentially a freeze

in real terms. The *NCLB Act* funding in the bill falls \$8 billion below the authorized level.

Breaks Promise on Title 1 Funding. The Majority's FY 2004 Budget Resolution also promised a \$1 billion or 8.6 percent increase over FY 2003 for Title 1 grants to school districts. Yet, the Chairman's Mark provides only a \$666 million or 5.7 percent increase, the amount requested by the President. The \$12.4 billion included in the Chairman's Mark for Title 1 is more than \$6 billion below the amount authorized in the *NCLB Act*.

Includes \$1.1 billion in Cuts to Education Programs. Although the Chairman's Mark restores most of the 46 education programs proposed for elimination by the President, the Mark nevertheless includes \$1.1 billion in education program cuts and eliminates 10 programs. The bill eliminates important teacher training programs in technology and foreign languages, and terminates programs to help at risk youth and their families bridge the digital divide (community technology centers) and stay in school (drop out prevention). Among programs cut below last year's levels are the Innovation State Grant Program, which provides flexible funding to school districts for local education priorities (cut \$47 million or 12 percent) and the American History Instruction Program, which helps teachers strengthen their knowledge and teaching of American history (cut \$49 million or 50 percent).

Freezes Teacher Quality State Grant. The Chairman's Mark freezes the Teacher Quality State Grant Program at \$2.9 billion, providing no additional assistance to school districts, which must meet the *NCLB Act* mandate that every teacher of an academic subject be "highly qualified" by 2005. The Chairman's Mark also cuts funding for the Troops-to-Teachers Program by \$8.8 million or 31 percent below the current \$28.8 million level. The Troops-to-Teachers Program matches retired military personnel who want to teach with high-poverty schools experiencing teacher shortages. Although a national commission recently called for a writing revolution to improve the writing skills of America's students, the Chairman's Mark freezes funding for the National Writing Project at \$16.9 million, a program that help teachers improve writing instruction.

Freezes English Language Acquisition State Grants. The Chairman's Mark freezes FY 2004 funding for the English Language Acquisition State Grant Program at \$685.5 billion, although the number of children who need help learning English has more than doubled to more than 4 million children since 2001, and continued growth is expected.

Cuts Funding For Innovative Programs Authorized Under the Fund for the Improvement of Education. In total, the Chairman's Mark provides only \$90 million in FY 2004 for 8 innovative programs authorized under the Fund for the Improvement of Education and currently funded at \$152 million – a 41 percent reduction. However, the Mark does not identify precisely which

programs would be cut or eliminated. The programs in jeopardy include Reading is Fundamental, Star Schools, Ready to Teach, Historic Whaling and Trading Partners, Arts Education, Foundations for Learning, Parental Assistance Centers, and Women's Educational Equity.

State Assessment Grants. The Chairman's Mark provides \$390 million for State Assessment Grants, an increase of \$5.5 million or 1.4 percent over FY 2003 and the amount requested by the President. This recommendation, however, is \$182 million *below* the General Accounting Office's estimate of the amount states will spend in FY 2004 on *NCLB* testing and assessment requirements. Only five states have developed all 17 reading, math, and science tests mandated under the *NCLB Act*.

21st Century After School Centers. The Chairman's Mark includes \$1.0 billion for the 21st Century Community Learning Centers Program, only \$6.5 million over the current level. While restoring President Bush's draconian \$400 million cut, the Chairman's mark would provide no real budget growth to expand a cost-effective federal investment that keeps children safe and out of trouble, and provides opportunities for children to learn while parents work.

Vocational and Adult Education. The Chairman's Mark rejects substantial cuts proposed by the President for vocational and adult education programs, but also fails to provide any substantial funding increases. A total of \$1.3 billion is proposed for vocational and technical education programs, about the same as the current level. The Adult Education State Grant is funded at \$584 million under the Chairman's Mark, a \$13 million or 2.3 percent increase over the current level.

Freezes Student Financial Aid Grants for College Students. The Chairman's Mark freezes the maximum Pell Grant at \$4,050 and cuts the requested funding to retire the Pell Grant 2003 school year shortfall by approximately \$650 million. As a result, no increase in federal grant assistance would be available for low-income college students who paid tuition increases last year as high as 24 percent at some public universities and, with continuing state budget shortfalls, will pay even higher tuition bills this year and next year. The Chairman's Mark also freezes College Work Study at \$1.0 billion, SEOG at \$760 million, Perkins Loans at \$166 million and LEAP at \$67 million. This deep freeze on the student aid budget follows the Bush Administration's recently announced plans to reduce the amount of student aid for which students are eligible in 2004 by cutting the deduction in the student aid eligibility formula for state and local taxes.

Modest Increases for TRIO, GEAR UP, HSIs, and HBCUs. The Chairman's Mark provides only a \$7.9 million or 1 percent increase for TRIO, and a \$6.9 million or 2.4 percent increase for GEAR UP over current funding levels. For Hispanic Serving Institutions (HSIs) and Historically Black Colleges

(HBCUs), the Chairman's Mark adopts the President's requests providing only a \$1.1 million or 1.3 percent increase for HSIs, and a \$10.1 million or 4.7 percent increase for HBCUs.

Department of Health and Human Services

National Institutes of Health

The Chairman's Mark is the same as the President's budget for NIH. It provides a 2.5 percent increase – a dramatic slowdown from the 15 percent increases received in recent years.

The President's budget allows for just a 0.2 percent overall increase in the number of competing research project grants in all areas other than bio-defense research (bio-defense receives substantial increases). Even that small increase in competing grants is achieved by holding down the average size of grants. Like the President's budget, the Chairman's Mark entirely eliminates NIH grants for research facilities construction.

Health Care Services (HRSA and SAMHSA)

The Chairman's Mark eliminates many – but not all – of the cuts below FY 2003 proposed in the President's budget, such as those for children's hospitals graduate medical education, the Community Access Program, grants to states for universal health coverage planning, and substance abuse prevention.

Nevertheless, it still cuts some programs below FY 2003 – most notably the title VII Health Professions Education programs, which take a 10 percent (\$30 million) cut in total. Among the individual programs that would be reduced below the current year are several that help students from minority and disadvantaged backgrounds prepare for and do well in medical school, as well as programs focused on training primary care practitioners and public health professionals.

The Chairman's Mark also provides very few increases, meaning that programs will generally be unable to keep up with rising costs and rising needs (including those resulting from a growing number of people without health coverage).

The Mark fails to provide several increases that were recommended by the Bush Administration, including –

- ❑ The proposed \$42 million increase for the National Health Service Corps (the Chairman's Mark provides no increase); this program provides

scholarships and student loan repayment assistance for doctors and dentists who agree to work in medically underserved areas;

- ❑ The proposed \$7 million increase in the similar scholarships and loan repayment program for nurses (again, the Mark includes no increase); and
- ❑ The proposed \$21 million increase for the Maternal and Child Health Block Grant (the Mark provides just a \$3 million increase).

For Community Health Centers, the Chairman's Mark is the same as the President's request – an 8 percent increase (which would be the smallest percentage increase since 1998). The Administration has said they would put *all* of that increase into their initiative to expand health center sites and services, providing no increase whatsoever to help cover the rising costs of on-going services at existing centers. Alternately, if the Subcommittee were to direct HRSA to put part of the increase into inflation adjustments for existing health centers, at this funding level the Administration's service expansion initiative would have to be scaled back or abandoned.

For Ryan White AIDS Care programs, the Chairman's Mark provides a negligible 0.3 percent increase over the current year, meaning that the program will fall further behind rising costs and needs. Within this program, the Mark does include a \$39 million increase for AIDS drug assistance programs, but that is paid for by a corresponding cut in the other Ryan White programs

The Chairman's Mark also provides no increase at all for the nurse education and training programs. Last year, Congress authorized several new and expanded programs in this area, to help deal with the shortage of nurses. The Mark makes no further progress towards funding those initiatives (beyond the \$20 million increase for nursing programs enacted last year).

Funding for mental health programs is almost flat under the Chairman's Mark – an overall increase of just under 1 percent. The Mark does include welcome increases in a couple of programs: most notably grants for children's mental health services (up 10 percent) and for services to homeless people (up 16 percent), but these are largely offset by small cuts in other programs.

For substance abuse, the Chairman's Mark produces a 5 percent (\$121 million) overall increase. It includes \$100 million to launch the Administration's proposed new program of grants to states to provide vouchers for drug treatment services (the Administration had requested \$200 million). This initiative is not specifically authorized. The remaining increase goes into the Substance Abuse Block Grant.

Public Health (CDC and the Public Health Emergency Fund)

The Chairman's Mark provides just a 1.3 percent (\$57 million) increase for the Centers for Disease Control, compared to the FY 2003 level.

The Chairman's Mark does try to do as much as possible for CDC infectious disease control efforts. That budget category would get a \$23 million or 6 percent increase above FY 2003. Given all that's going on – with monkeypox, SARS, West Nile, and so forth – that increase may be too small.

For bioterrorism preparedness grants to state and local health departments, the Chairman's Mark provides \$940 million – this is slightly above the FY 2003 regular appropriation, but \$94 million less than FY 2003 when the recent supplemental is taken into account.

The Mark also gives the Administration only half of the \$100 million they have requested to help manufacturers expand vaccine production to better prepare for the influenza pandemic that public health experts believe to be a serious threat.

Funding for childhood (and adult) immunization is frozen at the FY 2003 level under the Mark.

The Mark also freezes funding for CDC prevention and surveillance programs for HIV/AIDS and sexually transmitted diseases, and includes just a 0.7 percent increase for tuberculosis.

The Chairman's Mark provides only \$60 million of the roughly \$110 million increase the Administration had sought for global AIDS prevention and treatment. Under the Administration's budget, the Labor-HHS subcommittee was supposed to contribute almost \$400 million (plus some research money) to international AIDS efforts. The Mark falls \$50 million short of that goal.

The Mark does restore proposed cuts in NIOSH and environmental health programs, basically returning these items to the FY 2003 level (slightly above FY 2003 in the case of environmental health).

For the CDC Chronic Disease Prevention programs, the Chairman's Mark provides a \$72 million (9 percent) increase. It puts \$40 million of that increase into expanding Secretary Thompson's "Steps to a Healthier U.S." initiative from \$15 to \$55 million (he had requested an increase to \$125 million). This initiative provides relatively large grants to selected cities and states to address problems of asthma, diabetes and obesity. Some believe it would be better to put those increased resources into the existing CDC chronic disease programs, which mainly make smaller grants to larger numbers of state health departments for efforts focused on broader geographic areas. The Mark puts the remainder of

the chronic disease prevention increase into some of these existing programs, mainly in the areas of cancer, heart disease and diabetes.

The Chairman's Mark cuts appropriations for CDC's buildings and facilities from \$266 million in FY 2003 to \$206 million in FY 2004.

Human Services Programs

The President had proposed a total of \$2.0 billion for the Low Income Home Energy Program, including \$1.7 billion for the state formula grant program and \$300.0 million for the emergency allocation. Somewhat surprisingly, the Chairman's Mark provides only \$1.8 billion, including \$1.7 billion for formula grants and \$100.0 million for emergencies. The FY 2003 LIHEAP appropriation provided \$1.8 billion in the formula grant program, although there was a total of \$2.0 billion available, due to unexpended carryover balances from the FY 2001 supplemental.

The Chairman's Mark includes only \$30.0 million of the requested \$235.0 million in increases for the Administration's Faith-Based Initiative. The increases included \$15.0 million each for the Compassion Capital Fund and Mentoring Children of Prisoners.

Other programs receiving increases above the President's request included the Developmental Disabilities Programs (\$5.1 million) and Battered Women's Shelters (\$2.0 million). These increases basically restore these programs to the FY 2003 appropriated levels.

The Community Services programs are cut below the FY 2003 funding levels in the Chairman's Mark, as proposed by the Administration. The Community Services Block Grants are cut \$150.8 million as proposed. However, the Mark restores funding for two programs, which the Administration had proposed to eliminate. These are the Rural Community Facilities program (\$7.250 million) and the National Youth Sports program (\$17.0 million).

Administration on Aging programs fare slightly better than expected under the Chairman's FY 2004 Mark, which includes a total of \$1.377 billion, an increase of \$33.7 million (3 percent) over the Administration request of \$1.344 billion, which included a cut to the FY 2003 level of \$1.367 billion. The Family Caregivers program receives a fairly substantial increase of \$20.5 million above the President's request; this is also a 14 percent increase over the FY 2003 appropriated level. Native American Caregivers Support, which the President had proposed to eliminate, is funded at \$6.5 million, an 8 percent increase over FY 2003.

The Nutrition programs are funded at \$720.7 million, a \$2.5 million increase over the request. The Chairman's Mark provides an increase of \$6.5

million above the FY 2003 level; however, this is less than 1 percent. The most recent Bureau of Labor Statistics data indicate that the cost of food and beverages has increased by 1.7 percent over last year.

Department of Labor

The Chairman's Mark for the Department of Labor is \$11.7 billion, or \$60.0 million, above the Administration's request of \$11.6 billion. The biggest difference between the Mark and the request is that, as was expected, the Chairman has provided an additional \$78.1 million for Dislocated Worker activities, restoring the program to the FY 2003 appropriated level. In addition, the Chairman's Mark provides \$59.6 million for the Migrant and Seasonal Farmworkers Program, which the President had proposed to eliminate. The program was funded at \$76.8 million in FY 2003, leaving a funding shortfall of \$17.2 million. The Chairman provided \$1.5 billion for the Job Corps, or \$24.7 million below the request; however, this would still provide an increase of \$25.2 million above the FY 2003 appropriation.

The International Labor Affairs Bureau (ILAB) is funded at \$147.0 million in FY 2003; however, it would receive only \$12.3 million under the Chairman's Mark, a 92 percent reduction. This is the same level as the Administration's FY 2004 request and the third consecutive year in which the Administration has proposed reductions. For all intents and purposes, the funding at this level would eliminate the program.

Corporation for Public Broadcasting

The Chairman's Mark makes significant changes in already-approved fiscal year 2004 funding for the Corporation for Public Broadcasting (CPB), as requested by the Administration. Within the \$380 million that Congress appropriated for CPB two years ago, the Chairman's Mark earmarks up to \$80 million to meet FCC- mandated conversion to digital broadcasting, and up to \$20 million to begin replacement of the satellite interconnection system for public television (the maintenance of which is required by Federal law).

The net effect of the Subcommittee's actions would be a \$100 million or 26 percent cut in CPB's base allocation for FY 2004, resulting in steep cuts in flow-through grants to over 1,000 public television and radio stations across the nation. In addition, the Chairman's Mark cuts CPB's advance appropriation by 15 percent from \$390 million in FY 2005 to \$330 million in FY 2006.

Social Security Administration

The Chairman's Mark provides \$170 million less than the President requested for Social Security and SSI administrative costs. The Administration proposed a \$652 million increase, in order to cope with Social Security's rising workload and begin reducing the backlog of pending claims for disability benefits. The Chairman's Mark provides only a \$482 million increase.

EDUCATION PROGRAMS ELIMINATED OR CUT IN THE FY 2004 LHHS SUBCOMMITTEE BILL

Program Level, \$ in millions	Subcommittee Compared To FY 2003			Dollars	Percent
	FY2003	FY 2004	FY 2004		
	Comparable	Bush Request	Subcommittee		
Innovation State Grant	382.498	385.000	335.000	-47.498	-12%
Preparing Tomorrow's Teachers	62.094	0.000	0.000	-62.094	-100%
Foreign Language Assistance	16.144	0.000	0.000	-16.144	-100%
Native Hawaiian Education	30.798	18.300	18.300	-12.498	-41%
Alaska Native Education	30.798	14.200	14.200	-16.598	-54%
Troops to Teachers	28.812	25.000	20.000	-8.812	-31%
American History Instruction	99.350	100.000	50.000	-49.350	-50%
Fund for Improvement of Education	472.646	59.000	165.429	-307.217	-65%
<i>Reading Is Fundamental</i>	25.334	24.000	n.a.	n.a.	n.a.
<i>Star Schools</i>	27.341	0.000	n.a.	n.a.	n.a.
<i>Ready to Teach</i>	14.406	0.000	n.a.	n.a.	n.a.
<i>Historic Whaling and Trading Partners</i>	6.954	0.000	n.a.	n.a.	n.a.
<i>Arts in Education</i>	33.779	0.000	n.a.	n.a.	n.a.
<i>Foundations for Learning</i>	0.994	0.000	n.a.	n.a.	n.a.
<i>Parental Assistance Centers</i>	42.224	0.000	n.a.	n.a.	n.a.
<i>Women's Educational Equity</i>	2.980	0.000	n.a.	n.a.	n.a.
<i>Comprehensive School Reform</i>	74.513	0.000	74.513	0.000	0%
Ready To Learn	22.850	22.000	22.000	-0.850	-4%
Drop Out Prevention Demonstration	10.929	0.000	0.000	-10.929	-100%
Community Service for Expelled Students	49.675	0.000	0.000	-49.675	-100%
Alcohol Abuse Reduction	24.838	0.000	0.000	-24.838	-100%
Incarcerated Youth Offender State Grant	23.348	0.000	0.000	-23.348	-100%
Assistive Technology	26.824	0.000	20.000	-6.824	-25%
Tech-Prep Education Demonstration	4.968	0.000	0.000	-4.968	-100%
Occupational and Employment Information	9.438	0.000	0.000	-9.438	-100%
Community Technology Centers	32.264	0.000	0.000	-32.264	-100%
Loan Forgiveness for Child Care Providers	0.994	0.000	0.000	-0.994	-100%
Fund for Improvement of Postsec. Education	171.064	39.138	39.138	-131.926	-77%
Interest Subsidy Grants	2.980	2.000	2.000	-0.980	-33%
Child Care Access	16.194	15.000	15.000	-1.194	-7%
Total	1,887.716	703.638	775.580	-1,112.136	-59%